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UNCLAS HARARE 002189

SIPDIS

SENSITIVE

STATE FOR AF/S
NSC FOR SENIOR AFRICA DIRECTOR JFRAZER
USDOC FOR 2037 DIAMOND
TREASURY FOR OREN WYCHE-SHAW
PASS USTR FLORIZELLE LISER
STATE PASS USAID FOR MARJORIE COPSON

E. O. 12958: N/A
TAGS: [ECON](#) [EINV](#) [PGOV](#) [ZI](#)
SUBJECT: GONO TO RUN CENTRAL BANK CHIEFarer
21842184

Ref: Harare 2184

1. (U) Summary: President Mugabe has decided on Jewel Bank Managing Director Gideon Gono as the new Reserve Bank governor. Gono's close ties to Mugabe make it unlikely he will be an assertive, independent central banker. End Summary.

2. (SBU) Since the GOZ eased Leonard Tsumba from the governorship in April - three months before his term's end - the Reserve Bank (RBZ) has been leaderless. This has complicated the Bank's operations at a time of profound monetary and fiscal crises. We had learned from several sources over the past months that Gono was the frontrunner. Apparently, however, he had been trying to find a diplomatic way maneuvering out of the appointment.

Comment

3. (SBU) Although the GOZ has made no official announcement, our latest reports indicate that Gono failed to lobby his way out of the job. Gono will be Mugabe's vehicle to shake up the RBZ, announced last Friday (ref). Given the powerlessness of the RBZ governor and the sad state of the economy, this is a posting that few covet. Gono would no doubt be happier continuing to make money as the GOZ's unofficial banker. He controls Mugabe's accounts and maintains a close, multifaceted relationship with the President.

4. (SBU) Gono adds little as Reserve Bank governor. He is a self-made man who understands how markets function, but his own fortunes have been tied to sweetheart deals with the GOZ. He will not serve as a check on GOZ overspending and overborrowing. In fact, his ownership of a commercial bank and the major business newsweekly signals a major conflict-of-interest.

Sullivan